



JUL - 7 2005

The Honorable Tim Pawlenty  
Governor of Minnesota  
130 State Capitol  
75 Rev. Dr. Martin Luther King, Jr. Boulevard  
St. Paul, Minnesota 55155

Dear Governor Pawlenty:

It is with pleasure that I respond to the State of Minnesota's request for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and Sections 8-10 of the Wagner-Peyser Act. In the Strategic State Plan for Title I of the Workforce Investment Act and the Wagner-Peyser Act for the two-year period, July 1, 2005, through June 30, 2007, the state submitted twelve waiver requests. The state withdrew the request to waive performance requirements for entrepreneurial trainees on June 15, 2005. The following is the disposition of the state's waiver submission (copy enclosed).

Requested Waiver 1: Waiver to use Individual Training Accounts (ITAs) for youth participants.

The state indicates that the waiver would offer flexibility in using youth funds to provide training services to youth while retaining limited adult funds to be used on adult training services. The request further states that the waiver will allow local areas to enhance delivery of occupational skills training and increase customer choice for youth. This request is written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c), and appears to meet the standard for approval at 20 CFR 661.420(e). Accordingly, the state is granted a waiver of the prohibition on the use of ITAs for older and out-of-school youth at 20 CFR 664.510, through June 30, 2007. The state should ensure that funds used for ITAs are tracked and reflected in the individual service strategies for these youth.

Requested Waiver 2: Extension of the waiver of the time limit on the period of initial eligibility at 20 CFR 663.530.

The state indicates that an extension of this waiver is requested to address the continuing difficulties in the collection of "all student" information from training providers. Without an extension, the state indicates that many training providers are likely to opt out of the Eligible Training Provider system, thus limiting customer choice. This request is written in the format identified in WIA Section 189(i)(4)(B) and

20 CFR 661.420(c), and appears to meet the standard for approval at 20 CFR 661.420(e). Accordingly, the State of Minnesota is granted an extension of the waiver through June 30, 2007.

Requested Waiver 3: Waiver of the required 50 percent employer match for customized training at WIA Section 101(8)(C) to permit a match based on a sliding scale.

The state indicates that a waiver permitting a sliding scale will improve services to customers seeking training, and will improve the capacity of local boards to market demand-driven services and build beneficial relations with the private sector. This request is written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c), and appears to meet the standard for approval at 20 CFR 661.420(e). Accordingly, the state is granted the waiver as requested.

Requested Waiver 4: Waiver to spend up to 10 percent of adult and dislocated worker funds allocated to a local area to carry out incumbent worker training.

The state seeks to further its efforts to enhance services for incumbent workers and increase their participation in mainstream workforce investment activities. The State of Minnesota is granted a waiver of the language that limits the authority to provide the activities identified in WIA Section 134 to the state. This waiver will permit local areas to request to use up to 10 percent of local area formula allocation funds for adults and dislocated workers to provide statewide employment and training activities identified at WIA Sections 134, through June 30, 2007.

Requested Waiver 5: Waiver to increase the transfer authority from the current 20 percent to 100 percent for Adult and Dislocated Worker funds.

This waiver request for funds transferability is consistent with one of the improvements that the Administration is seeking in the reauthorization of the Workforce Investment Act – the consolidation of the WIA Adult, WIA Dislocated Worker and Wagner-Peyser Act (Employment Service) funding streams. This request is written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c), and appears to meet the standard for approval at 20 CFR 661.420(e). Accordingly, the State of Minnesota is granted a waiver of the funds transfer limitation at WIA Section 133(b)(4), through June 30, 2007. The waiver allows the state to approve local area requests to transfer up to 100 percent of local area allocations between the WIA Adult and Dislocated Worker programs.

Requested Waivers 6 and 7: Waiver to allow a one-year continuation of the state methodology previously approved by the U.S. Department of Labor to measure local area customer satisfaction and to determine local customer satisfaction scores using a system-wide customer satisfaction survey.

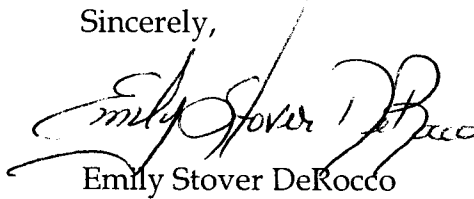
We have determined that the state does not need a waiver to move forward with its proposal. We believe that efforts toward implementing true system-wide measures to track customer satisfaction are consistent with WIA's larger goal of unifying planning and service delivery of all partners. ETA's Chicago Regional Office will continue to work with your state workforce agency on this effort.

Finally, the State of Minnesota included in its State Plan four requests for waivers from the U.S. Department of Education's Rehabilitation Services Administration (RSA). These requests are outside the WIA waiver authority and cannot be waived. The requests are: 1) to waive program "statewideness" related to transition services to youth served by Independent School Districts; 2) to allow state flexibility to determine eligibility for Veteran and non-Veteran outcomes for Social Security; 3) to allow state flexibility in determining the financial participation of customers in receipt of Social Security benefits; and 4) to allow the state to adapt to regional needs in administration of the state's order of selection. These requests have been forwarded to RSA for review.

As provided for under paragraph 3 of the executed Agreement, the approved waivers are incorporated by reference into the state's WIA Grant Agreement. A copy of this letter should be filed with the state's WIA Grant Agreement and the state's Strategic Plan, as appropriate.

We look forward to continuing our partnership with you and achieving better workforce investment outcomes. We are prepared to entertain other state and local level waiver requests that you may wish to submit, consistent with the provisions of the WIA statute and regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily Stover DeRocco", with a stylized flourish at the end.

Emily Stover DeRocco

Enclosure